

Message Text

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ORIGIN NEA-13

INFO OCT-01 ISO-00 AID-20 IGA-02 EB-11 COME-00 AGR-20

TRSE-00 SPC-03 L-03 SS-20 NSC-10 H-03 OMB-01 CIAE-00

INR-10 NSAE-00 RSC-01 /118 R

DRAFTED BY NEA/PAB:LBLESSER:MRC

APPROVED BY NEA:JJSISCO

NEA:SSOBER NEA/RA:HMONTGOMERYINFO

NEA/PAB:DMCOCHRAN

AID/ASIA/AA:RBECKMAN

EB/ISM:WPOLIK

EB/OFPP:CCAVANAUGH

AID/AA/ASIA:DMACDONALD (INFO)

AID/FFP:AMERCKER (INFO)

USDA/EMS:AMEAD (INFO)

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R 062013Z FEB 74

FM SECSTATE WASHDC

TO AMEMBASSY DACCA

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E.O. 11652: N/A

TAGS: EAID, EIND, BG

SUBJECT: BANGLADESH DEMARCHE FOR COMMODITY ASSISTANCE:
PROGRESS REPORT

REFS: A) STATE 5605; B) STATE 15311; C) STATE 250587

1. ASSISTANT SECRETARY SISCO TELEPHONED BANGLADESH
AMBASSADOR HOSSAIN ALI FEB. 1 TO BRING HIM UP TO DATE
ON STATUS OF REQUESTS MADE IN AIDE MEMOIRE LEFT WITH SISCO
BY ALI ON JAN. 9 (REPORTED REFTEL A). FOLLOWING POINTS
WERE COVERED:

A. *PL 480 TITLE I WHEAT. SISCO DREW ALI'S ATTENTION TO
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FACT, RECEIVING CONSIDERABLE US PRESS COVERAGE, THAT USDA

CONCERNED DOMESTIC STOCKS MAY BE VIRTUALLY EXHAUSTED THIS SPRING, SO THAT WE MAY EVEN HAVE TO IMPORT WHEAT TO MEET DOMESTIC REQUIREMENTS AND TIDE US OVER UNTIL 1974 HARVEST COMES IN. UNDER THESE UNCERTAIN CONDITIONS TITLE I ASSURED ALI THAT BANGLADESH WILL BE AMONG FIRST TO RECEIVE WHEAT AS SOON AS IT CAN BE RELEASED. HOW SOON THAT WILL BE WE ARE PRESENTLY UNABLE TO SAY.

B. PL 480 TITLE I EDIBLE OIL. THE VEGOIL SITUATION IS EVEN MORE VOLATILE THAN THAT FOR WHEAT, SISCO SAID. PRICES CONTINUE TO SET ALL-TIME RECORDS, COMMERCIAL TENDERS

FROM FOREIGN CUSTOMERS ATTRACT NO OFFERS FROM AMERICAN PRODUCERS, AND THERE ARE EVEN RUMORS THAT BRAZIL IS SEEKING TO BUY OIL, ALTHOUGH BRAZIL IS THE ONLY MAJOR EXPORTER OF SOYBEAN OIL BESIDES THE US. WE STILL WANT TO AUTHORIZE SHIPMENT OF 10,000 TONS ALREADY COMMITTED TO BANGLADESH AS SOON AS POSSIBLE AND VEGOIL WILL GO TO BANGLADESH IN FEBRUARY IF IT GOES TO ANYBODY. BUT SISCO EMPHASIZED THAT MARKET CONDITIONS ARE SO UNCERTAIN THAT NO ONE TODAY WILL PREDICT THAT THEY WILL EASE SUFFICIENTLY DURING FEBRUARY TO PERMIT TITLE I PURCHASES. ALI ASKED ABOUT PROSPECTS FOR ADDITIONAL VEGOIL AFTER FIRST 10,000 TONS AND SISCO TOLD HIM THAT QUESTION COULD NOT BE ANSWERED RIGHT NOW.

C. DEVELOPMENT LOAN. SISCO TOLD ALI THAT AFTER CUTS IN AID BILL WE CAN NOW PLAN ON ONLY DOLS. 25-35 MILLION DL IN FY 1974. RESTORATION TO THE DOLS. 50 MILLION LEVEL ORIGINALLY REQUESTED DOES NOT APPEAR POSSIBLE. SISCO IDENTIFIED HIMSELF WITH VIEWS OF AID ASST. ADMINISTRATOR MACDONALD (REFTEL B) AND ASSURED ALI THAT STATE AND AID FULLY INTEND TO DO THEIR PART IN MAKING IT POSSIBLE TO COMMIT FUNDS FOR A DEVELOPMENT LOAN IN THIS FISCAL YEAR.

D. IMPORT OF IRON AND STEEL SCRAP FROM THE US. SISCO INFORMED ALI THAT STATE AND AID HAVE JOINTLY RECOMMENDED A SPECIAL ADDITION TO BANGLADESH'S FIRST QUARTER 1974 ALLOCATION, WHICH WILL BRING THE TOTAL AVAILABLE TO 10,000 TONS, BUT ON CONDITION THAT THE BDG MAKE AN LIMITED OFFICIAL USE

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EQUIVALENT QUANTITY OF THE REINFORCING BARS PRODUCED IN BANGLADESH AVAILABLE FOR USE ON AID-FINANCED PROJECTS THERE. FURTHERMORE, AID IS WILLING UNDER THOSE CONDITIONS TO FINANCE THE PURCHASE WITH GRANT FUNDS. WE HAVE INFORMAL INDICATIONS THAT COMMERCE WILL ACCEPT OUR RECOMMENDATION AND HOPE TO HAVE OFFICIAL CONFIRMATION OF THAT SOON. SISCO ADDED THAT HE WAS NOT AWARE OF ANY RESPONSE BY BDG TO CONDITION WE HAVE ATTACHED TO

ADDITIONAL ALLOCATION AND THAT HE HOPED ALI HAS
ENCOURAGED BDG TO RESPOND FAVORABLY. (NOTE: SUBSEQUENT
TO SISCO-ALI CONVERSATION COMMERCE SECRETARY DENT SIGNED
APPROVAL OF INCREASE IN BANGLADESH ALLOCATION, CONTINGENT
ON BDG UNDERTAKING DESCRIBED ABOVE; AMB. ALI INFORMED.)

2. EMBASSY/USAID MAY WISH TO BRIEF APPROPRIATE BDG
OFFICIALS ALONG LINES SIMILAR TO SISCO/ALI CONVERSATION.

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